

**CONTRACT BETWEEN THE CITY OF AUSTIN (“City”)
AND
ARAG SERVICES LLC (“Contractor”)
FOR
PRE-PAID LEGAL SERVICES**

The City accepts the Contractor’s Offer (as referenced in Section 1.1.3 below) for the above requirement and enters into the following Contract.

This Contract is between ARAG Services LLC having offices at 400 Locust Street, Suite 480, Des Moines, IA 50309 and the City, a home-rule municipality incorporated by the State of Texas, and is effective as of the date executed by the City (“Effective Date”).

Capitalized terms used but not defined herein have the meanings given them in Solicitation Number JSD0121.

1.1 This Contract is composed of the following documents:

- 1.1.1 This Contract
- 1.1.2 The City’s Solicitation, Request for Proposal, JSD0121 including all documents incorporated by reference
- 1.1.3 Contractor’s Offer, dated March 14, 2012, including subsequent clarifications

1.2 Order of Precedence. Any inconsistency or conflict in the Contract documents shall be resolved by giving precedence in the following order:

- 1.2.1 This Contract
- 1.2.2 The City’s Solicitation as referenced in Section 1.1.2, including all documents incorporated by reference
- 1.2.3 The Contractor’s Offer as referenced in Section 1.1.3, including subsequent clarifications

1.3 Term. The Contract shall be in effect for an initial term of thirty-six (36) months and may be extended thereafter for up to three (3) additional twelve (12) month periods, subject to the approval of the Contractor and the City Purchasing Officer or his designee.

- 1.3.1 Upon expiration of the initial term or period of extension, the Contractor agrees to hold over under the terms and conditions of this Contract for such a period of time as is reasonably necessary to re-solicit and/or complete the project (not to exceed 120 calendar days unless mutually agreed on in writing).

1.4 Compensation. The Contractor shall be paid a monthly enrollment amount based on the number of members enrolled in the program. Payment shall be made as indicated in the Solicitation. The estimated amount of compensation is a not to exceed amount of \$2,301,000 for the initial term, and estimated amounts not to exceed \$951,000 for the first option, \$1,099,000 for the second option and \$1,270,000 for the third option, for a total estimated Contract amount not to exceed \$5,621,000.

1.5 Clarifications and Additional Agreements. The following are incorporated into the Contract.

1.5.1 The monthly rates specified in Appendix B of the Offer shall be as follows:

| | |
|------------|---------|
| Individual | \$10.90 |
| Family | \$14.80 |

These rates shall remain firm for the first thirty-six (36) months of the Contract term. Thereafter the rates may not be increased more than seven and a half percent (7.5%) for each option.

1.5.2 Contested paid-in-full divorce shall be increased to twenty-five (25) hours. If a member exceeds the twenty-five (25) hour bank for contested divorce, the plan member shall receive a twenty-five percent (25%) discount on the network attorney's contracted in-office rate and unlimited telephone legal advice.

1.5.3 The Performance Measures and Liquidated Damages are modified as shown on Exhibit A, attached hereto.

This Contract (including any Exhibits) constitutes the entire agreement of the parties regarding the subject matter of this Contract and supersedes all prior and contemporaneous agreements and understandings, whether written or oral, relating to such subject matter. This Contract may be altered, amended, or modified only by a written instrument signed by the duly authorized representatives of both parties.

In witness whereof, the City has caused a duly authorized representative to execute this Contract on the date set forth below.

ARAG Services LLC

City of Austin

Printed Name of Authorized Person

Printed Name of Authorized Person

Signature

Signature

Title:

Title:

Date:

Date:

Exhibit A
Performance Measures & Liquidated Damages

| Performance Measures | Acceptable Performance | Liquidated Damages |
|---|-------------------------------|---------------------------|
| City's satisfaction with implementation and overall service of Contract. | Average or above | \$20,000 per year |
| * Correct ID cards received at members' home address by December 31 of each year. File transfer must be error free and received by Contractor no later than December 7th. | 100% | \$10,000 per year |
| Calls answered within 30 seconds on average. | 80% | \$20,000 per year |
| Open Enrollment materials delivered to City vendor by the second Friday of September each year. | 100% | \$20,000 per year |
| Member satisfaction. | Average or above | \$2,500 per quarter |
| Attend scheduled open enrollment meetings, per City request. | 100% | \$20,000 per year |
| Provide quarterly and annual reports within sixty (60) days after the end of the reporting period. | 80% | \$20,000 per year |

*** Contractor shall pay the liquidated damages only if the failure to perform is due solely to the negligence of Contractor.**